

Message Text

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ACTION EB-07

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SUBJECT: CIVAIR: EMBASSY VIEWS ON CONSULTATIONS

REF: STATE 299618

1. EMBASSY VIEWS JANUARY 10-14 CIVAIR CONSULTATIONS AS ESSENTIALLY HOLDING OPERATION BUT WITH GOOD PROSPECT FOR RESOLUTION OF SOME MINOR IMMEDIATE ISSUES. WHILE GOI HAS CHOSEN NOT TO PURSUE POSSIBLE COMPROMISE ALONG LINES OF INFORMAL EXCHANGE BETWEEN STYLES AND SERAFINI (STATE 282421), WHICH IN TURN WAS SIMILAR TO ONE LINE OF DISCUSSION DURING MAY CONVERSATIONS, WE BELIEVE THERE IS ROOM FOR WORKING OUT COMPROMISE ON THESE ISSUES. INDICATIONS HERE ARE THAT ALITALIA REMAINS ANXIOUS TO OBTAIN BOSTON-CHICAGO CO-TERMINAL RIGHTS FOR NEXT SPRING. THE PRICE FOR THAT, IT SEEMS TO US, SHOULD ESSENTIALLY BE SATISFACTION ON CHANGE-OF-GAUGE AND 747-F ISSUES.

2. GOI WILL CONTINUE TO TAKE UMBRAGE AT USG ALLEGATION THAT IT HAS NOT LIVED UP TO ITS OBLIGATIONS UNDER BILATERAL AGREEMENT. WHILE WE WOULD CERTAINLY NOT SUGGEST THAT USDEL REFRAIN FROM MAKING THAT POINT, WE WOULD SUGGEST
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THAT OUR SIDE SEEK TO AVOID EXTENDED DEBATE OVER INTERPRETATION OF AGREEMENT AS IT APPLIES TO CHANGE-OF-GAUGE AND 747-F ISSUES. RATHER WE SHOULD SHIFT TO SUBSTANCE OF POSSIBLE TRADE-OFF. DESPITE INCLUSION IN SERAFINI'S "PERSONAL CONTRIBUTION" OF BAR TO INTRODUCTION OF SERVICE TO U.S. POINT AUTHORIZED BUT NOT CURRENTLY BEING SERVED, WE WONDER

WHETHER THIS PROHIBITION IS NECESSARY (IT WOULD SEEM UNLIKELY THAT ALITALIA WOULD PLAN TO EXTEND ITS SERVICE IN NEAR FUTURE) OR, ALTERNATIVELY, WHETHER U.S. COULD SOFTEN PROHIBITION TO REQUIREMNT FOR CONSULTATIONS IN ADVANCE.

3. DISCRIMINATION ISSUE WILL OBVIOUSLY NEED TO BE ADDRESSED IN SOME DETAIL. IF THE GOI ADOPTS AS ITS OFFICIAL POSITION THE VIEWS OF CIVILAVIA (ROME 20597), THE KEY ELEMENT WOULD SEEM TO BE THE EXTENT OF U.S. PATIENCE IN AWAITING COURT DECISION. WE BELIEVE GOI HAS SOME INFLUENCE OVER SPEED OF COURT PROCEEDINGS AND, IF PRESSED, WOULD BE WILLING TO SEEK EXPEDITED ACTION BY COURT. WITH LUCK, WE MIGHT EVEN BE ABLE TO GET MEANINGFUL INDICATION OF TIMING. AT SAME TIME, WE RECOMMEND AGAIN EXPLORING POSSIBLITY OF ALITALIA PAYMENT OF COMPENSATROY CHARGES INTO TRUST ACCOUNT AS EQUITABLE INTERIM SOLUTION. IN ANY CASE, WE WOULD URGE USDEL TO EXPLAIN THIS ISSUE FULLY TO GOI SO AS TO SOFTEN THE BLOW SHOULD IT BECOME NECESSARY TO LEVY CHARGES.

4. ON THORNY ISSUE OF CAPACITY, GOI SEEMS WELL AWARE OF FACT THAT U.S. WILL BE UNABLE TO DISCUSS THIS SUBJECT IN SUBSTANCE UNTIL MIDDLE OF NEXT YEAR, AS RESULT OF CHANGE OF ADMINISTRATION AND ON-GOING NEGOTIATIONS WITH U.K. NONETHELESS, GOI SEEMS TO WANT OPPORTUNITY TO AIR ITS VIEWS, AND WE SEE NO REASON TO IMPEDE THAT. THE STICKING POINT WILL PRESUMABLY BE HOW TO HANDLE CAPACITY ISSUES BETWEEN NOW AND THE TIME WE DISCUSS THE OVERALL QUESTION IN DEPTH. IT SEEMS TO US THAT THE BEST WE CAN HOPE FOR IS CONTINUATION OF SOME AMBIGUITY, I.E. LARGELY A CONTINUATION OF STATUS QUO. HOPEFULLY, AGREEMENT ON ISSUES AS DESCRIBED PARA 1 PLUS LIMITED OFFICIAL USE

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REASONABLY GOOD ATMOSPHERE AT CONSULTATIONS CAN RESULT IN TACIT UNDERSTANDING ON CAPACITY OVER THE NEAR TERM.

5. WE SURMISE THAT GOI CHOSE AMBASSADOR FARACE AS DELEGATION HEAD TO TRY TO IMPROVE ATMOSPHERICS OF CONSULTATIONS, BUT ALSO TO LEND MORE FORCE TO PRESENTATION OF GOI VIES. FARACE'S ENGLISH IS EXCELLENT AND ELEGANT. WE HAVE HEARD MANY REFERENCES RECENTLY TO CIVIL AIR ARRANGEMENTS ITALY HAS WITH CANADA, WHICH OUR SOURCES CONSIDER TO BE A BERMUDA-TYPE AGREEMENT BUT WITH EFFECTIVE PREDETERMINATION OF CAPACITY. WE SUSPECT GOI DELEGATION MAY FREQUENTLY CITE THEIR ARRANGEMENTS WITH CANADA IN DISCUSSING CAPACITY ISSUES AND THAT THIS INTENTION MAY HAVE BEEN A FACTOR IN CHOOSING FARACE, WHO WAS AMBASSADOR TO CANADA WHEN THESE ARRANGEMENTS WERE NEGOTIATED. WE RECALL THAT FIACCADORI OF MFA PROVIDED EMBASSY COPY OF ITALY-CANADA JOINT DECLARATION OF 1972 (SENT UNDER A-275 OF JUNE 21, 1976) WITH VIEW OF PROMOTING IT AS A MODEL FOR ITALY-U.S. CIVAIR RELATIONS. FERACE

CLEARLY EXPECTS A SERIES OF MEETINGS WHICH WOULD SERVE
TO AVOID ANY SUDDEN ACTIONS, BUT WOULD ENABLE GOI TO
GRADUALLY HARDEN ITS POSITON IF IT DECIDES IT IS GIVING
UP TOO MUCH PROTECTION IN RETURN FOR BOSTON-CHICAGO.
BEAUDRY

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